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COMMONWEALTH

Savings & Loan Corporation

Annual Report

1964

Fifth Annual Report

COMMONWEALTH SAVINGS & LOAN CORPORATION

Directors of the company

RICHARD A. BELL, P.C., Q.C.

*MICHAEL GREENBERG

*ROBERT W. MACAULAY, Q.C.

*GEORGE S. MANN

ROBERT B. MORAN

*BERNARD J. PERSIKO

ERIC D. SCOTT

C. STAFFORD SMYTHE

*MARK M. TANZ

*LEON E. WEINSTEIN

*BURTON WINBERG

**Members of the Executive Committee*

Officers of the company

MARK M. TANZ, *President*

ROBERT W. MACAULAY, *Executive Vice-President*

GEORGE S. MANN, *Vice-President*

STANLEY A. SENN, C.A., *Comptroller*

ALLAN C. ROSE, *Secretary*

To the shareholders

We are pleased to present the Annual Report of Commonwealth Savings and Loan Corporation for the year 1964. In reviewing the progress of your Company for this period, it is apparent that our programme of branch expansion has been an unqualified success as illustrated by the significant upsurge in deposits and customer accounts. The warm welcome extended to Commonwealth in each of our new locations is most encouraging, and we look forward to our continued growth in these areas.

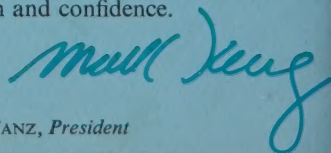
Net income for 1964 totalled \$130,560 representing earnings of 53 cents per share based on the average number of shares outstanding during the year. In 1964, your Company expended a total of \$311,000 in non-recurring costs for new locations, and these monies have been charged to surplus.

At December 31, 1964, capital and general reserves amounted to \$1,786,922, and total assets had increased from \$5,708,252 to \$15,218,088. Mortgages and collateral loans totalled \$9,165,228 representing an increase of about \$4,500,000 during the year.

Customer accounts increased from 1,993 to 18,770 and total deposits and debentures rose from \$4,070,305 to \$13,378,087. Investments in Government bonds and other securities totalled \$4,302,693.

Several amendments increasing the borrowing powers and broadening certain investment powers of Loan and Trust Companies have now been introduced Federally, and will probably be ratified in the present session of Parliament. These changes, if approved and subsequently legislated by the Province of Ontario, will have a favourable effect on the operations of your Company.

Your Board of Directors believes that our vigorous programme of branch expansion combined with the many convenient services offered by Commonwealth will continue to attract new depositors. Consequently, we view the coming year with enthusiasm and confidence.



MARK M. TANZ, *President*

1964 highlights

	1964	1963	1962
Cash and Securities.....	\$ 5,101,409	\$ 817,951	\$ 356,488
Mortgages and Loans.....	9,165,228	4,534,919	2,384,903
Total Assets.....	15,218,088	5,708,252	2,819,249
Customer's Deposits.....	9,859,714	2,353,663	838,603
Debentures.....	3,518,373	1,716,642	1,308,547
Capital Funds.....	1,786,922	1,571,812	644,943
Net Profit After Taxes.....	130,560	77,853	52,895
Earnings Per Share.....	*.53	*.51	.46
Total Assets.....	\$15,218,088	\$5,708,252	\$2,819,249

*Based on the average number of shares outstanding during the year.

Auditors' Report To the Shareholders of Commonwealth Savings & Loan Corporation

We have examined the balance sheet of Commonwealth Savings & Loan Corporation as at December 31, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the balance sheet presents fairly the financial position of the Company as at December 31, 1964.

Pape, Strom, Sherman & Lavine }
Thorne, Mulholland, Howson & McPherson } Auditor

Balance sheet December 31, 1964

Assets

	<u>1964</u>	<u>1963</u>
Cash and term deposits.....	\$ 798,716	\$ 209,056
Securities		
Government of Canada and Provincial bonds.....	\$ 1,255,697	\$ 598,480
Canadian Municipal bonds.....	1,237,703	10,415
Other bonds.....	287,575	—
Short term notes.....	1,254,154	—
Stocks.....	267,564	—
Securities carried at cost plus accrued interest (approximate market value \$4,299,000).....	\$ 4,302,693	\$ 608,895
Loans secured by bonds and stocks.....	\$ 530,557	\$ 106,374
Mortgages, less allowances.....	8,634,671	4,428,545
Real estate held for sale and investment.....	348,596	160,772
Office premises and equipment, at cost less depreciation.....	488,662	100,756
Accounts receivable.....	114,193	93,854
	<u>\$15,218,088</u>	<u>\$5,708,252</u>

The accompanying notes are an integral part of this statement.

Liabilities

	<u>1964</u>	<u>1963</u>
Deposits and accrued interest.....	\$ 9,859,714	\$2,353,663
Debentures and accrued interest.....	3,518,373	1,716,642
Dividend payable January 15, 1965.....	16,790	—
Sundry accounts payable.....	36,289	66,135
	<u>\$13,431,166</u>	<u>\$4,136,440</u>

Shareholders' Equity

Capital stock (Notes 1 and 2)

Authorized—400,000 Common shares, par value \$5 each.

Issued —272,548 Shares fully paid

(1963—235,214 shares)..... \$ 1,362,740 \$1,176,070

53,936 Shares 40% paid

(1963—82,070 shares 10% paid)..... 107,872 41,035

\$ 1,470,612 \$1,217,105

Reserve funds..... 122,000 122,000

Undivided profits..... 194,310 232,707

\$ 1,786,922 \$1,571,812

\$15,218,088 \$5,708,252

Approved on behalf of the Board:

MARK M. TANZ, *President*

GEORGE S. MANN, *Vice-President*

Statement of profit and loss

for year ended December 31, 1964 (With comparative figures for 1963)

	1964	1963
Total interest and other income.....	\$715,134	\$384,043
Expenses:		
Interest incurred.....	\$284,742	\$151,523
Operating costs.....	305,332	149,167
	\$590,074	\$300,690
Profit before income taxes.....	\$125,060	\$ 83,353
Income taxes (Note 3).....	(5,500)	5,500
Net profit for the year.....	\$130,560	\$ 77,853

Statement of undivided profits

for year ended December 31, 1964

Undivided profits at beginning of year.....		\$232,707
Add: Net profit for the year.....	\$130,560	
Premium received during the year		
on the sale of capital stock.....	204,568	335,128
		\$567,835
Less: Dividends.....	\$ 62,525	
New branch development expenses.....	311,000	373,525
Undivided profits at end of year.....		\$194,310

Notes to the financial statements

for year ended December 31, 1964

1. STOCK OPTIONS

At December 31, 1964, employees' stock options were outstanding on 3,700 shares at prices ranging from \$9.75 to \$12.25 per share. These options expire on various dates up to December 31, 1966. During the year options were exercised on 9,200 shares for a cash consideration of \$89,750.

2. CAPITAL STOCK

During the year the Corporation received \$458,075 in payment for shares issued under employees' stock options and in payment on account of 82,070 shares which were partly paid as of December 31, 1963. Of these proceeds, \$204,568 has been allocated to premium on shares and has been included in the balance of undivided profits. 28,134 shares, partly paid as of December 31, 1963, are now fully paid and the remaining 53,936 shares are now 40% paid.

3. INCOME TAXES

The Corporation claims for income tax purposes new branch development expenses which are shown as a charge on the statement of undivided profits. Accordingly, no provision for income taxes has been made in the current year and income taxes for the preceding year are recoverable.

4. GUARANTEES

The Corporation is contingently liable as guarantor for land rents of \$22,750 per annum payable by the lessor of one of its branch offices to a third party.

5. LONG TERM LEASES

The Corporation has entered into leasing agreements extending beyond five years for the rental of certain branch premises. These leases, which expire on various dates up to 1980, require aggregate annual rental payments of approximately \$48,060.

Cornwall:

6 Second Street East—933-1433



Kingston:

4 Princess Street—542-2837



Ottawa:

251 Laurier Avenue West—236-2316

150 Sparks Street—236-7121



Toronto:

58 Bloor Street West—534-9211

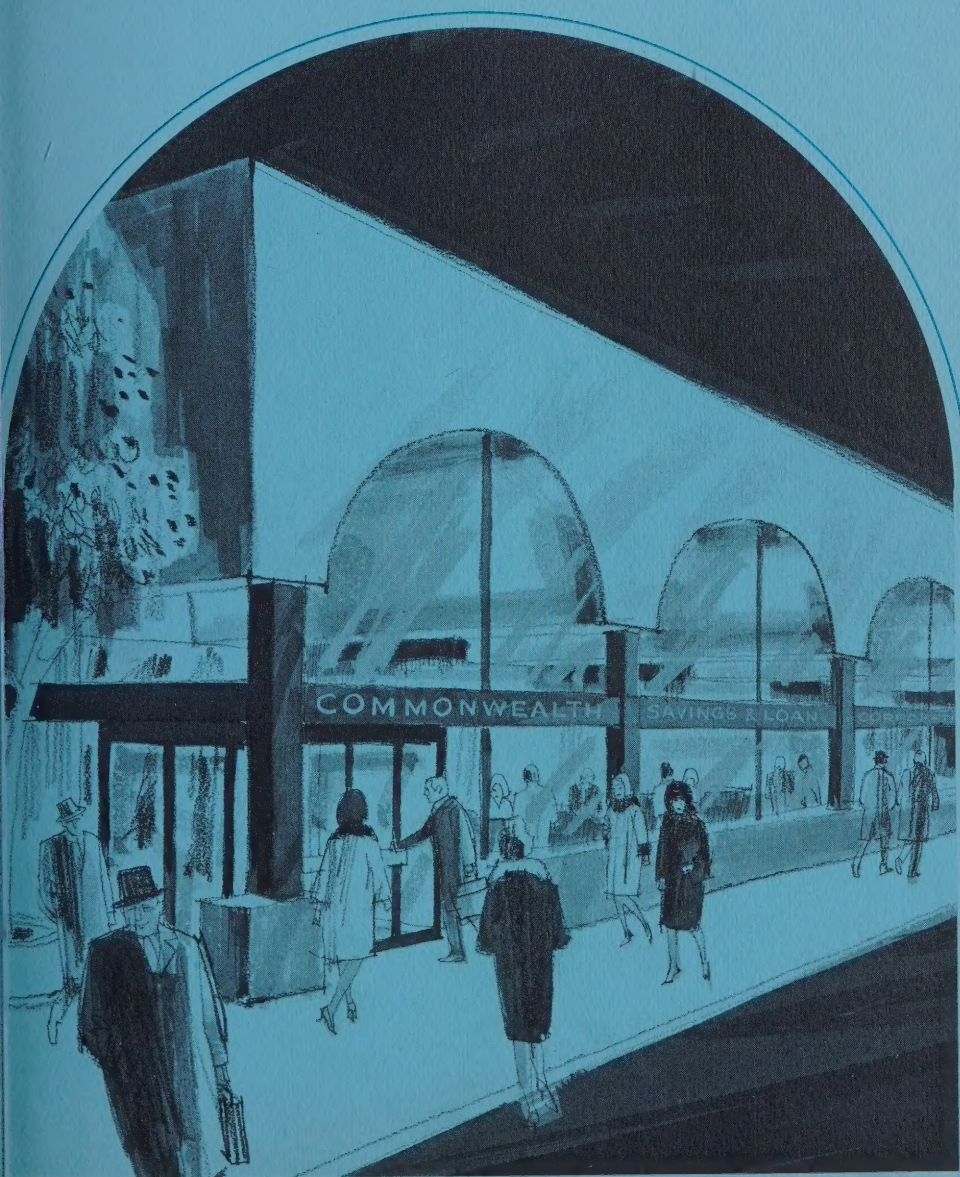
1064 Eglinton Avenue West—789-2933

1913 Lake Shore Blvd. West—259-2351

Opening soon:

1468 Queen Street West

1497 Yonge Street



Windsor:

600 Ouellette Avenue—252-7268



Branch development in 1965...

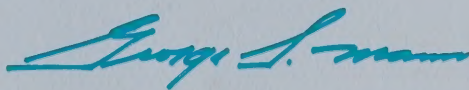
The results of the programme of "selective branch expansion" as undertaken by your Company during 1964 was most gratifying.

In the coming year special emphasis will be placed on opening additional branches in Metropolitan Toronto commencing with our new facilities at Bloor and Bathurst Streets. Shortly thereafter, new branches will be opened in New Toronto, the Yonge Street and St. Clair Avenue area, and the northwest corner of Queen St. and Lansdowne Avenue.

In designing our branches the architects have attempted to create a "form of identity" for Commonwealth by introducing certain similarities in their design such as the arched

facade and circular vaults. At the same time each building has certain unique and distinctive features, and every effort has been made to take full advantage of the individual location and physical characteristics.

I would like to take this opportunity to thank each member of our staff whose enthusiasm and loyalty have contributed greatly to our success during the past year.



GEORGE S. MANN, *Vice-President*

